

O/CONGRESSIONAL AFFAIRS

87-2715

23 JUN 1987

MEMORANDUM FOR:

[Redacted]

STAT

Legislation Division  
Office of Congressional Affairs

FROM:

[Redacted]

STAT

Policy, Analysis, and Evaluation, OP

SUBJECT:

Special Pay Rates and Civil Service Improvements Act of 1987

Attached is a draft letter with our comments and suggestions on the  
"Special Pay Rates and Civil Service Improvements Act of 1987."

STAT

[Redacted]

Attachment:  
As Stated

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FRANK R. WOLF  
10TH DISTRICT, VIRGINIA

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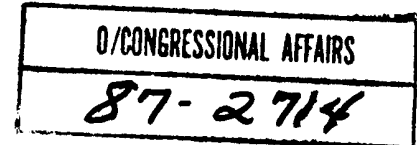
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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515

June 10, 1987

COMMITTEE ON APPROPRIATIONS  
SUBCOMMITTEES:  
TRANSPORTATION  
TREASURY—POSTAL SERVICE—GENERAL  
GOVERNMENT  
SELECT COMMITTEE  
ON CHILDREN, YOUTH,  
AND FAMILIES



STAT

[Redacted]  
Director of Personnel  
Central Intelligence Agency  
Washington, D.C. 20505

Dear [Redacted]

STAT

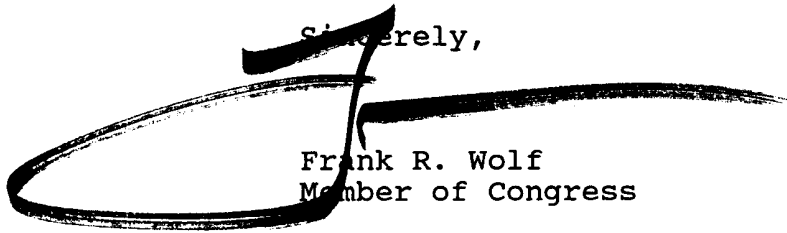
I wanted to let you know that I have introduced H.R. 2091, "Special Pay Rates and Civil Service Improvements Act of 1987", to improve the pay and management of employees of the Federal Government. I have enclosed a copy for your review.

I would like to have your comments and suggestions on this legislation. Any additional information about your agency or problem positions in the agency similar to that which is on the general information sheet enclosed would be useful to me during congressional consideration of this measure later this summer. Specific installations have reported problems in retention of employees, a decline in the quality of employee applicants, a high rate of turnover in positions, and extended vacancies. Any related statistics or data on agency or individual installation problems you could provide would be most helpful. Also, your evaluation of whether H.R. 2091 will address many of these problems would be useful.

I appreciate your attention to this matter. Agency input on measures is essential to the successful reform of problems in the federal pay and personnel system. Since hearings on this matter are being scheduled for July, your prompt reply to this request would be helpful.

With best wishes,

Sincerely,

  
Frank R. Wolf  
Member of Congress

FRW/mlf

GENERAL INFORMATION**Naval Shipyard (California)**

## • Engineer Recruiting problem:

At GS-5 level 71% decline rate  
At GS-7 level 76% decline rate

**Los Angeles Air Force -- Space Division**

## • Problem with clericals, administrative professionals and engineers:

	Turnover	% Vacant	Fill Times
Clerical	29%	32.9%	25-35 days
Administrative Professionals	16.6%	31.1%	35-50 days
Engineers	19.7%	30%	70-85 days

**Pacific Missile Test Center (San Nicholas Island, CA):**

- Has 260 vacant engineer positions (31% of authorized strength)
- Has 12 vacant scientist positions (8% of authorized strength)

**Aberdeen Army Proving Ground (Aberdeen, MD) --**

- Turnover of civilian guards -- 19.3%

**Hanscom AFB -- Boston, Mass. --**

- Turnover of clericals -- 30%

**Los Angeles District Army Corps of Engineers --**

- Turnover of engineers -- 18.7%
- Turnover of clericals -- 20%
- Problem with filling jobs in a reasonable time period:

Position	Fill Times
engineers:	80 days
clerk/typist:	83 days
voucher examiner:	146 days

**Elmendorf AFB -- Anchorage, Alaska --**

- Facing continuous turnover:

Position	Turnover rate
Firefighters	109%
Procurement Agents	67%
Procurement Clerks	80%
Budget Analysts	67%
Nurses	60%
Personnel Specialists	58%
Clerk/Typists	76%

**National Institute of Neurological and Communicative Disorders and Stroke (NINCDS)**

- NIH recruited for 2 years to prepare a candidate list of 6 doctors to become director of NINCDS. All declined the position due to salary -- position has remained unfilled since 1982.

- Non-competitive salaries: Loss of physicians to other research and academic laboratories is precipitated by annual salaries on the outside ranging from \$12,000 - \$40,000 more.

**Naval Surface Weapons Center -- Dahlgren, VA --**

- Delays in OPM approval creates a problem: Recognizing a need for computer scientists and engineers, NSWC developed a special pay rate proposal within 2 months and submitted it to OPM. It took OPM 2.5 years to sign.

- Without direct hire authority, it takes 6 weeks to get responses on the OPM register. Most applicants have already found other employment by then.

- Turnover of journeyman engineers is on the rise:

1980-1983	-- GS 13 -- 3% turnover
1984	-- GS 13 -- 9% turnover
1985	-- GS 13 -- 16% turnover

**Letterman Army Medical Center -- San Francisco, CA --**

- Experiencing hirelags ranging from 86 - 237 days.
- Much of problem precipitated by non-competitive salaries:

Position	Pay Differences With Private Sector
Nurse	\$6700
Pharmacist	\$10,900
Clerk Typist	\$2400-2600
Secretary	\$3600

**Hill AFB -- Ogden, Utah --**

- Quality of recruits is a problem -- Getting those in 2.5 GPA range (private sector goes for 3.1 GPA and above)
- Turnover in engineering skills -- 23%
- Average fill time -- 82 days

**Wright-Patterson AFB -- Dayton, Ohio --**

- Quality of recruits is declining:

	Average Specifics:
1983	3.1 GPA
1984	2.8 GPA
1985	2.7 GPA

- Two-thirds of engineers leaving, leave for higher pay in industry and do not stay in the Dayton, Ohio area.

**Naval Air Rework Facility -- Alameda, CA**

- Wage inversion problem where wage grade employees will not take supervisory positions due to lower rates of pay is creating a high turnover rate at the journeyman level.

Position	Turnover
Production Controller	31%
Industrial Engineer Technician	28%
Quality Assurance Specialists	21%



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 100<sup>th</sup> CONGRESS, FIRST SESSION

Vol. 133

WASHINGTON, THURSDAY, APRIL 9, 1987

No. 59

## House of Representatives

### THE SPECIAL PAY AND CIVIL SERVICE IMPROVEMENTS ACT OF 1987

(Mr. WOLF asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include therein extraneous material.)

Mr. WOLF. Mr. Speaker, today I am introducing the Special Pay and Civil Service Improvements Act of 1987, which is a package of reforms affecting civil service employees and retirees.

In developing this bill, I have worked closely with Federal employee organizations, the National Association of Retired Federal Employees [NARFE], personnel officials nationwide, administration officials and concerned citizens. This package contains positive changes to correct errors, oversights, and shortcomings in the current statute and establish benefits for employees and retirees.

I am pleased to offer this package of improvements for Federal employees and retirees and hope my colleagues will join in supporting these needed improvements in the civil service. A section analysis and a copy of the bill are included with this statement:

#### BILL ANALYSIS

#### TITLE I—SPECIAL PAY AUTHORITY

##### SEC 1101. AUTHORITY RELATING TO HIGHER RATES OF PAY.

(a) *Expands the pay range beyond the current General Schedule grade limitations so that higher salaries can be established for individuals in positions which are or are likely to become significantly handicapped in recruiting or retaining qualified individuals to perform those jobs.*

The range may be expanded to accommodate the needs of the problem positions. The minimum rate, however, may not be less than the minimum rate paid by the General Schedule for this grade nor can the maximum rate exceed the Executive Level V pay cap.

This section also expands the factors which cause hiring and retention difficulties beyond the current statutory proviso. Currently, a loss of personnel to private industry is the only basis on which a special pay rate can be authorized. This limitation poses a particular problem because many federal public service jobs have no private sector counterpart or equivalent (such as police officers and firefighters).

To correct this limitation, the statute is amended to include other factors which may be causing recruitment and retention difficulties such as: pay of federal and/or non-federal employers, undesirable working conditions, remote geographic location, and other factors which may be determined in accordance with regulations prescribed by the President taking into consideration the turnover rate of positions, number of vacancies, hire/age, nature of the work, environment, number of pending retirement-eligible employees, significant decline in the quality of recruits or other factors.

(b) *Expedites the OPM approval process for granting special rate requests.* In recent years, agencies have lost prospective job candidates while waiting for OPM to approve a special rate request. Agencies will submit pay rate requests in accordance with prescribed regulations and OPM must respond to the application in writing within 45 days. Approved authority will be in effect for two years. This two year authority may be amended, though, particularly if after one year, the recruiting or retention problems intensify. Nothing in this statute precludes an agency from seeking a new rate request even prior to the expiration of a previously approved two-year rate authority.

(c) *Provides that OPM may review annually an agency's special pay rate program.* The authorization of higher rates expires at the end of two years or upon OPM's making a written determination that such special rates are no longer needed to deal with the recruitment and retention problem.

(d) *Allows pay-in-person provision.* If an individual covered under a special pay rate leaves, the pay associated with that position does not remain in effect if the agency's special rate authority has expired. The position will revert to General Schedule grade status.

(e) *Provides that special rates termination does not result in reduction.* Should the special rate authority expire, an individual's pay is not reduced but will continue in accordance with the General Schedule levels as long as that person is in that special rate position.

(f) *Provides an annual pay increase to be available and to amount to at least as much as the general pay raise approved for General Schedule employees.*

Example: If, on October 1, special rate employees receive a 2 percent raise, but on the following January 1, General Schedule employees receive a 3 percent raise, then the special rate employees will receive an additional 1 percent so as not to fall behind GS employees.

(g) *Makes provisions for OPM to prescribe transition rules for employees to move out of the special pay rate program since the periodic step increases will be different from the normal GS, PMRS, SES or other pay system step increases.*

Adds new section—Section 5303a. Periodic Increases:

(a) *Provides that Special Pay Employees will receive periodic step increases in similar manner to General Schedule employees.*

(b) *Relaxes initial waiting periods to allow for rapid advancement through the grade during the first three steps of the grade.* Authority is granted to waive the minimum requirement of one year in grade. This opportunity for quick advancement will serve as an attractive recruiting tool in persuading top quality job candidates to choose government service. Administration of this authority must provide mechanisms to protect against favoritism.

(c) *Allows waiver of this within grade system by the agency head in cases where an alternative personnel system or other within grade system is in place.*

Establishes new section—Section 5303b. Bonus Payments:

(a) *Establishes recruitment and retention bonuses (not to exceed \$10,000) to provide incentives for individuals to choose federal service, incentives for senior personnel to stay with the federal government, and incentives for individuals to take supervisory positions.*

(b) *Provides time in-service agreements designed as recruitment and retention bonuses to attract and keep valuable employees.* Receipt of a bonus represents a commitment on the part of the individual to remain in government service for a certain specified period to be determined between the individual and the agency. Such service agreements can not require more than 3 years and should outline what will happen should the individual depart before completing the service agreement. Any bonus requires at least a 6 month commitment to continued service.

If an individual receives a bonus, commits to a time agreement and then separates from government service, the remaining time and corresponding amount of the bonus relative to that period should be repaid to the government unless waived by the agency head. Individuals who are involuntarily separated from government service by reason of a reduction-in-force will not be required to return any bonus amounts for time unserved.

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(c) Provides that bonuses shall be paid before the end of the service agreement whether distributed in a lump sum fashion or over the course of the service agreement. Although service agreements may vary, it is not the intent of the legislation to hold such bonuses until the end of a service agreement. Portions should be paid at appropriate intervals prior to completion of the service agreement.

(d) Provides that bonuses are not considered as a part of an individual's basic pay. Establishes new section—Section 5303c. Advances of Pay:

(a) Provides for the advancement of basic pay up to two pay periods for individuals who are just starting out in civil service and are hired under the Special Pay Rate authority. Recent college graduates comprise a significant portion of special rate-type occupation recruits. These individuals frequently do not have the funds for making a security deposit on housing or for securing a means of transportation. This pay advancement authority allows more financial flexibility for employees who are just getting established.

(b) Requires repayment.

Establishes new section—Section 5303d.

#### TRAVEL AND TRANSPORTATION EXPENSES FOR NEW APPOINTEES

(a) Authorizes the agency head to pay travel and transportation expenses, as deemed appropriate, for newly hired employees appointed to special pay rate positions. This is a common private sector option and will assist agencies in attracting job candidates when recruiting at colleges and institutions a great distance from the federal installation.

Sec. 1102. Special Appointment Authority.

(a) Amends Section 3329 of Title V to provide direct-hire authority to agencies for the hiring of recruited candidates (rather than the current practice of recruiting talent and then listing persons on an OPM register which may take up to six months to clear).

Agencies must adhere to the same merit systems principles, EEO standards and other regulations which govern hiring procedures in the federal government. Additionally, by definition, special rates are applied when positions cannot be filled. This direct hire authority may not be used to hire individuals over qualified employees already in-house.

(b) Directs OPM to prescribe regulations by which individuals may apply directly to an agency for appointment to a position for which this Act applies.

Sec. 1103. Service Following Training.

(a) Recognize that, in recent years, the government has become a "training ground" for the private sector—a place where individuals can get "hands-on" training early in their careers which is highly marketable in the private sector. It is necessary to tie some sort of service agreement for training provided at the government's expense. One of the reasons that positions under special rate authority are classified as such and are hard to keep filled is because of the desirable training associated with those jobs.

(b) Links training of four weeks or longer to a service agreement of at least three times the length of the training or one year, whichever is longer. This should help reduce turnover in these positions. This applies to recruits to federal service under the special pay rate authority and does not apply to training which is required annually for an individual to remain proficient in performing the job.

These service agreements are more stringent than those required of other federal employees for several reasons: 1) the pay associated with these positions is higher; 2) the nature of the training makes these pay slots a particular target of private sector employers thus directly contributing to the classification of these positions as special pay rate essential; and 3) the combination of costs associated with the salaries, training and recruiting make turnover within the same fiscal year a financial hardship on the employing agency.

Sec. 1104. Elimination of GS-11 Threshold for Certain Pay Authority

(a) Eliminates the current prohibition against granting an initial entry salary above step one of the grade—a permission only granted at grades GS-11 and higher.

Sec. 1105. Establish parity among Law Enforcement Personnel.

(a) Directs OPM, through this Act, to bring parity or some sense of equity between law enforcement personnel within a certain geographic region. Existing statutory police pay systems makes parity difficult; however, this section gives OPM the authority to set law enforcement officers' pay at comparable levels based on difficulty, danger, or other appropriate criteria without reducing existing salary levels.

In the Washington, D.C. area there are at least ten distinct police forces—the corresponding salaries of which are set without regard to each other. This section directs OPM to deal with these inequities between police pay systems by using the special rate authority to make needed adjustments. This should cut down on adverse selection and turnover of law enforcement personnel between agencies.

Sec. 1106. Establish parity among Health Care Personnel.

(a) Directs OPM to deal with the pay problems created by separate statutory pay systems granted medical personnel at the Veterans' Administration which is not available to all other federal medical personnel. Statutory pay systems throughout the government contribute to adverse selection between federal agencies where a lucrative pay system may exist at one agency, but is not in effect at the agency across the street.

In recent years, medical personnel in the federal government (particularly civilian health care personnel stationed in military medical facilities) have been turning over at record rates. In 1986, the national Institutes of Health was forced to shut down 60 beds in the cancer research ward because of a severe shortage of nurses. One contributing factor to this turnover rate is attributed to the disparities in salary rates of these individuals as compared to their counterparts within the Veterans Administration. This provision gives OPM the authority to establish health care personnel pay rates at competitive levels with the VA so as to minimize the costs associated with high turnover.

Sec. 1107. Appropriations Limitation.

(a) Provides that the provisions of this Act shall be funded from existing appropriations.

Sec. 1108. Effective Date.

(a) Provides that Special Pay Rate authority will take effect 120 days after enactment. Sec. 1109. Reporting Requirement.

Directs GAO to monitor the special pay rate program to determine whether it is addressing recruitment and retention problems, to identify any abuses of this authority, and to make an annual report of its findings to Congress.

#### TITLE II—MISCELLANEOUS CIVIL SERVICE AMENDMENTS

Sec. 1201. Retirement Credit for Leave without Pay.

(a) Authorizes those federal employees who participate in the President's Executive Exchange Program to earn retirement credit during the entire one year period they are in the exchange program. Under the exchange program, individuals go on "leave without pay" status beginning with the fiscal year; however, current law prohibits the earning of retirement credit for any period on leave without pay in excess of six months in any calendar year. Employees lose three months retirement credit while participating in this program. This provision will correct discrepancies between fiscal year and calendar year requirements.

Sec. 1202. The Senior Executive Service.

(a) Prevents circumvention of the "120-Day Get-Acquainted Period." Current law prohibits a reassignment of Senior Executives during their first 120 days under a new politically appointed supervisor. Some agencies have gotten around this restriction by detailing executives to other positions and then reassigning them at the end of the 120 days without giving the career executive the opportunity to "get acquainted" with his or her new supervisor. This correction will eliminate this "end run" around this "get acquainted" period and require that the 120 days be spent under the supervision of the new political supervisor.

(b) Sets individual SES pay. This correction will protect the "rank-in-person" provisions established as an integral part of the Senior Executive corps and would prohibit agencies from establishing SES pay levels based on the position rather than performance as required under the Civil Service Reform Act of 1978.

(c) Corrects performance awards system.—Currently, Senior Executives are prohibited from receiving a Rank Award and a Performance Bonus in the same fiscal year. Because agencies vary in making such awards during the year and because Presidential Rank Awards are frequently given late in the year, this system has defeated the original intent of recognizing high-performing executives. This provision will correct this conflict of awards.

(d) Allows travel and transportation reimbursement for the last move home of Senior Executives who have been required to relocate during their government service. Currently military and Foreign Service personnel who are relocated by the government during their government service are reimbursed, upon retirement, for the costs of their last move home.

One stipulation in being hired into the elite senior executives corps is the understanding that such executives will move when directed by the government or face possible removal if they do not accept the reassignment. Many agencies have also cited this lack of "last move home" reimbursability as a reason for being unable to recruit high level, near-retirement age SESers to take a top assignment at an out of town location. This provision allows Senior Executives who have been directed to relocate during their civil service careers, and who are eligible for a Federal annuity, to have the "last move home" reimbursed.

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## SEC. 1203. EMPLOYEE ALLOWANCES.

(a) *Removes the current statutory limitation of \$10/day allowance for employees stationed at remote worksites.*—This \$10/day allowance was passed in 1966 and has not been changed since. Clearly it is inadequate and contributes to the high turnover rate among individuals who are already inconvenienced by remoteness of their employment.

A specific example in California illustrates this problem. Employees on the Navy's San Nicholas Island in the Pacific must take a plane on Monday morning from Ft. Magu, California, to the island and are not able to return until Friday afternoon. For this they receive \$10/day above their salary. This section seeks to eliminate the inequitable allowance rate and provide more flexibility in the statute to reflect economic changes.

(b) *Removes the 20-year old statutory allowance limit of \$125 allowance for uniforms required as part of Federal employment in certain positions.* Because uniforms run far in excess of this amount, an agency should fully reimburse an employee for the cost of uniforms. It is recognized, however, that making such cost coverage a mandatory government expense would cause vendors to significantly increase their charges for such uniforms. To allow agencies to more successfully negotiate competitive prices, the statute is changed to reflect that the government will pay \$400 of the total cost of the uniform.

Sec. 1205. Use of Compensatory Time Off.

(a) *Allows employees the option of taking compensatory time off instead of overtime if they prefer.*

Sec. 1206. Job Performance Appraisals: Consideration for Within-Grade Increases.

(a) *Revises current law to show that performance appraisals must be recorded in writing, and that an acceptable level of competence is decided by such written performance appraisal rather than by the end of the agency.*

## TITLE III—RETIREE BENEFITS

Sec. 1301. Entitlement of Uniform Plan Enrollees to Enroll in other Health Benefits Plans.

(a) *Repeals the Retired Federal Employees Health Benefits Act enacted in 1959.* Civil servants who retired before 1980 are covered by the Uniform Health Plan carried by Aetna. This plan is not as comprehensive as the Federal Employee Health Benefit Program (FEHBP) which covers federal employees and retirees since 1960. This legislation would bring those annuitants under the FEHBP.

(b) *Entitles pre-1960 annuitants to enroll in the FEHBP in the plan of their choosing, and directs OPM to notify each retiree covered under the old Uniform Health Plan of this choice.*

(c) *Enrolls automatically those annuitants who did not make a FEHBP decision in a plan similar to the Uniform Health Plan in which they were previously enrolled prior to passage of this Act.*

(d)-(e) *Outlines the necessary administrative procedures and regulations required of OPM.*

Sec. 1302. Re-Enrollment by Certain Annuitants in Health Benefits Plan.

(a) *Allows a second chance for current retirees to elect coverage under the Federal Employee Health Benefits Program.* Retirees must have been covered by the FEHBP for at least five years during their active government service.

(b) *Directs OPM to notify such annuitants of this opportunity to re-elect coverage and provides that OPM shall hold an open session of six months to give ample time for annuitants to elect coverage.*

(c) *Provides the Director of OPM with authority to enter into agreements with health benefits carriers for the purpose of covering these annuitants.* With less than five percent of all annuitants having failed to elect coverage at retirement, the number of individuals eligible to revisit this decision will be quite small. To prevent any sort of premium increase for other health benefits subscribers, OPM is authorized to change a penalty fee, or additional premium for this benefit.

Sec. 1303. Deferred Annuitants Enrollment for Self Only Coverage from Self and Family Coverage in Certain Cases.

*Allows retirees who are eligible for a deferred annuity and are married to an annuitant who is currently covered under a FEHBP "Self and Family enrollment" to be covered by the FEHBP on a Self Only plan as long as the spouse also opts for a Self Only plan.* Two "self only" plans are less expensive to the annuitant and to the government than one "Self and Family" enrollment.

Sec. 1304. Information for Employees and Annuitants to Make Choices.

*Directs OPM to Provide more information to subscribers on the performance records of each carrier including the average amount of time it takes a carrier to process a subscriber's claim.* This provision is included so that subscribers can make informed enrollment choices.

Sec. 1305. Requirement of Carriers to Supply Certain Information.

*Directs health benefits carriers to include information in their benefits brochures on the amount of time it takes to process a subscriber's claim and information on what justifications are used to determine "usual, customary, or reasonable" expenses.*

Sec. 1306. Study and Report by the Director of the Office of Personnel Management.

*Directs OPM to conduct a study within six months after passage of this Act on the feasibility and cost effectiveness or desirability of offering a third enrollment status for FEHBP subscribers.* Currently, federal employees and retirees can choose between two categories: "Self only" or "Self and family".

Traditionally, it was believed that a self and spouse option would cause adverse selection and subsequent higher premiums since older employees and retirees were more likely to choose this option. As the workforce has changed and more young couples are delaying the start of a family, this category may be a realistic option with cost benefits for the government as well.

Sec. 1307. Sequential payments of Health Benefits for Annuitants.

*Provides for coordination of Medicare and FEHBP which are both administered by the federal government.* The primary carrier should be able to forward a benefits claim balance directly to the secondary carrier before it returns to the annuitant or employee. This will cut down on unnecessary paperwork and accounting on the part of both the government and the older civil servant. OPM should serve as coordinator for this process.

Sec. 1308. Survivor Annuity Benefits.

(a) *Makes a technical correction regarding calculating a reduced annuity.* Under P.L. 98-615, Congress accidentally eliminated a benefit previously allowed for annuitants who marry after their annuity begins. Previous law allowed an annuitant to take a reduction in his or her annuity at the time of marriage to provide for a survivor benefit. Because of an oversight, though, the law now requires that an annuitant must make a contribution toward the survivor benefit for periods when he or she received a full annuity but was not married. This provision corrects the problem and makes clear that an annuitant should pay for a survivor benefit at the time of marriage.

(b) *Directs GAO to study the survivor benefit program.* The federal survivor benefit annuity system seems to diminish in value much more quickly than does the standard annuity. Because a survivor is not in a position to supplement his or her income, it is essential that the survivor annuity be made more resilient and durable to outlast the ravages of inflation.

GAO is directed to conduct a study and make recommendations on cost effective ways to provide a stronger survivor annuity program. Such options as a supplemental contribution to the retirement system for a more substantial survivor annuity, provision of other choices for larger annuity reductions at retirement, provision of additional benefits for older survivors or survivors who have been widowed for many years, and changes in the survivor annuity contribution formula should be investigated among GAO's considerations.

H.R.—

A bill to improve the pay and management of employees of the Federal Government

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

## SECTION 1. SHORT TITLE.

This Act may be cited as the "Special Pay and Civil Service Improvements Act of 1987".

## TITLE I—SPECIAL PAY AUTHORITY

SEC. 1101. AUTHORITY RELATING TO HIGHER RATES OF PAY.

(a) IN GENERAL.—Title 5, United States Code, is amended by striking out section 5303 and inserting in lieu thereof the following:

"§ 5303. Higher minimum rates

"(a)(1) Subject to paragraph (2) of this subsection, when the Director of the Office of Personnel Management finds that recruitment or retention of well-qualified individuals for agency positions described in paragraph (3) of this subsection is or is likely to become significantly handicapped because of any condition described in paragraph (4) of this subsection, the Director may establish, for one or more areas or locations where the condition exists, higher minimum rates of basic pay. The Director may establish such higher minimum rates for one or more grades or levels, occupational groups, series, or classes, or subdivisions thereof, and may make corresponding increases in all step rates of the pay range for each grade or level for which the higher minimum rates are so established.

"(2) A minimum rate established for any grade or level under paragraph (1) of this subsection may not exceed the rate of pay for a position under level V of the Executive Schedule described pursuant to section 5316.

"(3) The positions referred to in paragraph (1) of this subsection are positions paid under—

"(A) section 5332 of this title;

"(B) the pay scales for employees in the Department of Medicine and Surgery, Veterans' Administration, under chapter 73 of title 38; or

"(C) section 403 of the Foreign Service Act of 1980.

"(4) The conditions referred to in paragraph (1) of this subsection are as follows:

"(A) The rates of pay paid Federal Government employees of an agency in positions referred to in such paragraph are lower than the rates of pay paid Federal Government employees in similar positions in the same agency or other agencies.

"(B) The rates of pay paid Federal Government employees in positions referred to in such paragraph are lower than the rates of pay paid employees of employers other than the Federal Government in similar positions.



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"(C) The working conditions for employees in positions referred to in such paragraph are undesirable.

"(D) The positions referred to in such paragraph are in a remote geographic location.

"(5) In making findings under paragraph (1) of this subsection, the Director of the Office of Personnel Management shall consider the number of employees who have applied for retirement in an agency or will soon be eligible to apply for retirement, at the time the Director is making findings under paragraph (1), the rate of turnover in positions, vacancies in positions, the length of time necessary to recruit individuals to fill vacancies, the undesirable nature or environment of the work, any marked decline in the quality of employee applicants, and any other information the Director determines appropriate.

"(b)(1) The head of an agency may request the Director of the Office of Personnel Management to establish higher rates of basic pay under subsection (a) of this section for any positions in such agency. The Director shall transmit to the head of the agency a response to such request within 45 days after the date on which the head of an agency transmits the request to the Director.

"(2) Any request under paragraph (1) of this subsection shall specify the period, not to exceed 2 years, for which the head of an agency anticipates that the exercise of the authority under subsection (a) of this section is necessary to mitigate the problem specified in the request.

"(c) Any exercise of authority under subsection (a) of this section may—

"(1) be reviewed by the Director of the Office of Personnel Management once each year; and

"(2) terminate on the earlier of—

"(A) the last day of the period specified in the request for such exercise of authority made under subsection (b) of this section; or

"(B) the date on which the Director of the Office of Personnel Management makes a written determination that the exercise of such authority is no longer necessary to mitigate the problem specified in such notification.

"(d) A rate of pay established with respect to a position pursuant to the authority under subsection (a) of this section shall remain in effect after the termination of the exercise of such authority under subsection (c) of this section, unless such position is vacant on the date on which the exercise of such authority terminates or, if the position is then filled by any individual, until the beginning of any break in the service of such individual.

"(e) After the termination of the application of a higher minimum rate of basic pay established under subsection (a) of this section with respect to any position, the rate of basic pay payable to an employee, while serving in such position without a break in service in such position (except for a period of leave without pay) on and after the day before the date of such termination, may not be reduced by reason of such termination.

"(f)(1) Subject to paragraph (2) of this subsection, the rates of basic pay established under subsection (a) of this section may be revised, within the limits of that subsection, by the Director of the Office of Personnel Management. Revisions under this paragraph shall have the force and effect of law.

"(2) If the rates of pay under the General Schedule are increased pursuant to section 5305 of this title in any fiscal year, then, not later than the effective date of the increase in such rates, each rate of pay in effect for a position under subsection (a) of this section on September 30 of the preceding fiscal year shall be increased by any percentage that is not less than the overall percentage of such increase in the General Schedule rates of pay. Nothing in this paragraph prohibits more than one increase in such rate of pay during any fiscal year.

"(g) The Director of the Office of the Personnel Management shall prescribe procedures for converting positions covered by the pay rate system administered under this section to the General Schedule, the performance management and recognition system under chapter 54 of this title, the Senior Executive Service, or another appropriate pay rate system.

#### "§ 5303a. Periodic increases

"(a) Except as provided in subsection (b) of this section, each individual who is paid a rate established under section 5303 of this title and who has not reached the maximum rate of pay for the grade or level of such individual's position shall be advanced in pay in the same manner as is provided in section 5335 of this title.

"(b) An individual referred to in subsection (a) who is serving in pay rate 1, 2, or 3 shall be advanced in pay successively to the next higher rate within the pay range involved at the beginning of the next pay period following the completion of such period of service, not to exceed 52 calendar weeks.

"(c) The head of an agency may waive the application of this section in the case of—

"(1) any group of employees of the agency who are participating in a demonstration project under chapter 47 of this title; or

"(2) any other group of employees of the agency, as determined appropriate by the head of such agency.

#### "§ 5303b. Bonus payments

"(a)(1) Under regulations prescribed by the Director of the Office of Personnel Management, the head of an agency may provide for recruitment and retention bonus payments under this section—

"(A) to employees serving in positions for which the minimum rate of basic pay has been established under section 5303 of this title;

"(B) to employees whose responsibilities include the regular supervision of any employee paid at a rate established under section 5303 of this title; or

"(C) subject to the approval of the Director of the Office of Personnel Management, to any other employees of such agency.

"(2) A bonus payment under this section shall be equal to an amount, not to exceed \$10,000, determined by the head of the agency making such payment.

"(b)(1) A payment may not be made to an individual under this section unless such individual has entered into an agreement with the head of the agency employing such individual which provides that—

"(A) such individual will continue in the service of the agency for a period of time determined under paragraph (2) of this subsection; and

"(B) if separated (except by reason of a reduction in force) from the agency before the end of the period agreed to, such individual will repay to the Government any amounts paid to such individual under this section.

"(2) The period of service applicable under paragraph (1) of this subsection may not—

"(A) be less than 6 months; and

"(B) exceed 3 years.

"(3) If an individual fails to repay any amount required under paragraph (1)(B) of this subsection, such amount is recoverable by the Government from the individual or the estate of such individual by—

"(A) setoff against accrued pay, compensation, amount of retirement credit, or other amount due the individual from the Government; and

"(B) any other method provided by law for the recovery of amounts owed to the Government.

Notwithstanding the preceding sentence, the head of the agency concerned may, under the regulations issued under subsection (a) of this section, waive in whole or in part a right of recovery under this subsection if it is shown that the recovery would be against equity and good conscience or against the public interest.

"(c) The full amount of a bonus under this section shall be paid, whether in a lump sum or in the form of periodic payments, before the end of the period of service agreed to under subsection (b) of this section.

"(d) A payment under this section is not part of the basic pay of an individual.

#### "§ 5303c. Advances of pay

"(a) Under regulations prescribed by the Director of the Office of Personnel Management, an agency head may provide for the advance payment of basic pay, covering not more than 2 pay periods, to any individual who is newly appointed to a position if the rate of pay for such position is established under section 5303 of this title.

"(b) In the case of a failure to repay any amount advanced under this section, such amount may be recovered, and the recovery of such amount may be waived, in the same manner as is provided in section 5303b(b)(3) of this title.

#### "§ 5303d. Travel and transportation expenses for new appointees

"The head of an agency may provide travel and transportation expenses under section 5723 of this title to a new appointee to a position for which the rates of basic pay are established under section 5303 of this title."

(b) TECHNICAL AMENDMENT.—The table of sections for chapter 53 of title 5, United States Code, is amended by striking out the item relating to section 5303 and inserting in lieu thereof the following:

"5303. Higher minimum rates.

"5303a. Periodic increases.

"5303b. Bonus payments.

"5303c. Advances of pay.

"5303d. Travel and transportation expenses for new appointees."

#### SEC. 1102. SPECIAL APPOINTMENT AUTHORITY.

(a) IN GENERAL.—Subchapter I of chapter 33 of title 5, United States Code, is amended by adding at the end the following:

"§ 3329. Appointment procedures in areas with recruitment or retention problems

"(a) Under regulations prescribed by the Director of the Office of Personnel Management, the head of an agency may make selections and appointments on an expedited basis to fill any vacant position for which the minimum rate of basic pay is established under section 5303 of this title.

"(b) The regulations prescribed under this section may include procedures under which individuals may apply to an agency directly and an individual may be selected for appointment to a position from among those so applying."

(b) TECHNICAL AMENDMENT.—The table of sections for chapter 32 of title 5, United States Code, is amended by adding after the item relating to section 3328 the following:

"3329. Appointment procedures in areas with recruitment or retention problems."

#### SEC. 1103. SERVICE FOLLOWING TRAINING.

(a) IN GENERAL.—Section 4108 of title 5, United States Code, is amended by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively, and by inserting after subsection (a) the following:

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"(b)(1) An employee selected for—

"(A) appointment to a position for which the minimum rate of basic pay is established under section 5303 of this title; and

"(B) training by, in, or through a Government facility under this chapter,

shall enter into a written agreement (described in paragraph (2) of this subsection) with the Government before the appointment and assignment for training are made. Notwithstanding the preceding sentence, the head of the agency making the appointment may waive the requirement for a written agreement in any case if an agreement in such case would not be in the interest of such agency or any other public interest.

"(2) A written agreement entered into by an employee under paragraph (1) of this subsection shall include provisions which require such employee—

"(A) to continue in the service of the employee's agency after the end of the employee's training period for at least 3 times the length of such training period or 12 months, whichever is greater, unless the employee is involuntarily separated from the service of such agency; and

"(B) to pay to the Government the amount of the additional expenses incurred by the Government in connection with training such employee if the employee is separated from the service of the employee's agency before the end of the period for which the employee has agreed to continue in the service of such agency.

Notwithstanding the preceding sentence, the head of such agency may waive in whole or in part a right of recovery under this paragraph if it is shown that the recovery would be against equity and good conscience or against the public interest.

"(3) This subsection applies with respect to a period of training only if such training is for a period of four weeks or longer."

(b) CONFORMING AMENDMENTS.—(1) Subsection (c) of section 4108 of title 5, United States Code, as redesignated by subsection (a), is amended by inserting "or (b)(1)" after "subsection (a)(2)".

(2) The first sentence of subsection (d) of such section, as redesignated by subsection (a), is amended by striking out "subsection (b)" and inserting in lieu thereof "subsection (c)".

SEC. 1104. ELIMINATION OF GS-11 THRESHOLD FOR CERTAIN PAY AUTHORITY.

Section 5333(a) of title 5, United States Code, is amended by striking out "in GS-11 or above" in the second sentence.

SEC. 1105. SIMILAR RATES OF PAY AMONG LAW ENFORCEMENT PERSONNEL.

(a) RATES OF PAY.—The Director of the Office of Personnel Management should, to the greatest degree practicable, prescribe rates of pay for law enforcement officers that—

(1) establish similar rates of pay for all law enforcement officers employed in similar positions; and

(2) considers the degree of difficulty, danger, and any other factor the Director determines appropriate.

(b) DEFINITION.—For purposes of this section, the term "law enforcement officer" shall have the same meaning as such term is defined pursuant to section 8401(17) of title 5, United States Code.

(c) LIMITATION.—Nothing in the provisions of this section may be construed to reduce the rate of pay of any law enforcement officer.

SEC. 1106. SIMILAR RATES OF PAY AMONG HEALTH CARE PERSONNEL.

(a) RATES OF PAY.—The Director of the Office of Personnel Management should, to the greatest degree practicable, prescribe rates of pay for employees of the Federal Government serving in health care positions similar to rates of pay for health care positions to which chapter 73 of title 38, United States Code, applies.

(b) LIMITATION.—Nothing in the provisions of this section may be construed to reduce the rate of pay of any person described in subsection (a).

SEC. 1107. APPROPRIATIONS LIMITATION.

The administration of the provisions of this title and the amendments made by this title shall be to such extent or in such amounts as are provided in appropriations Acts.

SEC. 1108. EFFECTIVE DATE.

The amendments made by this title shall take effect 120 days after the date of the enactment of this Act.

SEC. 1109. REPORTING REQUIREMENT.

The Comptroller General—

(1) shall monitor the implementation of the amendments made by this title to determine their effectiveness in dealing with recruitment and retention problems and to identify any abuses of authority; and

(2) shall submit an annual report to Congress in writing with respect to any findings under paragraph (1).

## TITLE II—MISCELLANEOUS CIVIL SERVICE AMENDMENTS

SEC. 1201. RETIREMENT CREDIT FOR LEAVE WITHOUT PAY.

(a) CIVIL SERVICE RETIREMENT AND DISABILITY SYSTEM.—Section 8332(f) of title 5, United States Code, is amended by inserting "an employee participating in the Executive Exchange Program established by Executive Order 12394, dated December 5, 1986," after "service," in the last sentence.

(b) FEDERAL EMPLOYEES' RETIREMENT SYSTEM.—The last sentence of section 8411(d) of title 5, United States Code (as added by section 101(a) of the Federal Employees' Retirement System Act of 1986 (Public Law 99-335; 100 Stat. 523)), is amended by striking "Credit" and inserting in lieu thereof "Except for an employee participating in the Executive Exchange Program established by Executive Order 12394, dated December 5, 1986, credit."

SEC. 1202. THE SENIOR EXECUTIVE SERVICE.

(a) REMOVAL.—Section 5392(b) of title 5, United States Code, is amended—

(1) in paragraph (1) by inserting "or (3)" after "paragraph (2)"; and

(2) by inserting after paragraph (2) the following new paragraph:

"(3) For the purpose of applying paragraph (1) of this subsection to any career appointee, the number of days that such career appointee is detailed to a position other than the position to which the career appointee is assigned shall not be counted in determining the number of days that have elapsed since an appointment referred to in subparagraph (A) or (B) of such paragraph."

(b) SETTING INDIVIDUAL SENIOR EXECUTIVE PAY.—Section 5383(a) of title 5, United States Code, is amended by adding at the end the following: "Such criteria may not include a formal or informal classification of the position at a particular Senior Executive Service pay level."

(c) PERFORMANCE AWARDS.—Section 5384(a) of title 5, United States Code, is amended by adding at the end the following new paragraph:

"(3) Except as provided in section 5383(b) of this title, payment of a performance award under this section and an award under section 4507 of this title may not be restricted on the basis that both such awards relate to the same performance period."

(d) TRAVEL AND TRANSPORTATION EXPENSES.—Section 5724(a) of title 5, United States Code, is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding at the end the following:

"(3) upon the separation of a career appointee (as defined in section 3132(a)(4) of this title) the travel expenses of that individual, the transportation expenses of the immediate family of such individual, and the expenses of moving (including transporting, packing, crating, temporarily storing, draying, and unpacking) the household goods of such individual and personal effects not in excess of 18,000 pounds net weight, to the place where the individual will reside (or, if the individual dies before the travel, transportation, and moving is completed, to the place where the family will reside), if such individual—

"(i) has previously been transferred in the interest of the Government from one official station or agency to another for permanent duty during the term of Government employment of such individual; and

"(ii) is eligible to receive an annuity upon such separation under the provisions of subchapter III of chapter 83 or of chapter 84 of this title."

SEC. 1203. EMPLOYEE ALLOWANCES.

(a) REMOTE WORKSITE ALLOWANCE.—Section 5942 of title 5, United States Code, is amended to read as follows:

"§ 5942. Allowance based on duty at remote work-sites

"(a) Notwithstanding section 5536 of this title, an employee of an Executive department or an independent establishment who is assigned to duty, except temporary duty, at a remote worksite is entitled to receive an allowance under this section. The allowance payable to an employee under this section is in addition to pay otherwise payable to such employee.

"(b) The Director of the Office of Personnel Management shall prescribe in regulations the amount or amounts authorized to be paid as an allowance under this section and the sites, areas, and groups of positions to which each such amount applies.

"(c) For the purposes of this section, the term 'remote worksite' means a worksite that is so remote from the nearest established communities or suitable places of residence as to require an appreciable degree of expense, hardship, and inconvenience, exceeding that which is normally encountered in metropolitan commuting, for an employee who is commuting to and from his residence and such worksite."

(b) UNIFORM ALLOWANCE.—(1)(A) Section 5901(a) of title 5, United States Code, is amended by striking out "\$125" each place it appears and inserting in lieu thereof "\$400".

(B) Section 5902 of title 5, United States Code, is amended to read as follows:

"§ 5902. Increase in maximum uniform allowance

"(a) Notwithstanding the provisions of section 5901, each of the respective maximum uniform allowances for the respective categories of employees to whom uniform allowances are paid under section 5901 of this title shall be increased by the percentage increase in the consumer price index for July of the year in which the determination is made above the consumer price index for July of the preceding year.

"(b) For the purposes of this section, the term 'consumer price index' means 'price index' as defined pursuant to section 8331(15) of this title."

(2) The first increase in pay rates made under section 5902 of title 5, United States Code, (as amended by paragraph (1)(B) of this subsection) shall take effect on October 1, 1987.

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## SEC. 1284. USE OF COMPENSATORY TIME OFF.

Section 5544 of title 5, United States Code, is amended—

(1) in subsection (a), by inserting "or (if granted under subsection (c) of this section) compensatory time" after "overtime pay" each place it appears; and

(2) by adding at the end the following new subsection:

"(c) The head of an agency may, on the request of an employee of such agency, grant such employee compensatory time off from his scheduled tour of duty instead of overtime pay for an equal amount of time spent in irregular or occasional overtime work."

## SEC. 1295. JOB PERFORMANCE APPRAISALS; CONSIDERATION FOR WITHIN-GRADE INCREASES.

(a) PREPARATION OF PERFORMANCE APPRAISALS.—Section 4302(b) of title 5, United States Code, is amended by inserting ", in a written performance appraisal," after "evaluating" in paragraph (3).

(b) WITHIN-GRADE INCREASES.—(1) Section 5335(a) of title 5, United States Code, is amended by striking out "as determined by the head of the agency," at the end of subparagraph (B) and inserting in lieu thereof "determined on the basis of a current performance appraisal."

## SEC. 1296. APPROPRIATIONS LIMITATION.

The administration of the provisions of this title and the amendments made by this title shall be to such extent or in such amounts as are provided in appropriations Acts.

## TITLE III—FEDERAL EMPLOYEES HEALTH BENEFITS

## SEC. 1301. ENTITLEMENT OF UNIFORM PLAN ENROLLEES TO ENROLL IN OTHER HEALTH BENEFITS PLANS.

(a) REPEAL.—The Retired Federal Employees Health Benefits Act (Public Law 86-724; 74 Stat. 849) is repealed effective 12 months after the date of enactment of this Act.

(b) ENTITLEMENT TO ENROLL.—(1) Any person enrolled in a health benefits plan administered pursuant to the Retired Federal Employees Health Benefits Act on the date of enactment of this Act, is entitled to enroll in any health benefits plan administered pursuant to chapter 89 of title 5, United States Code.

(2) The director of the Office of Personnel Management shall—

(A) notify each person affected by the provisions of paragraph (1) of the entitlement provided pursuant to such paragraph; and

(B) provide a period of open enrollment for such person for a period of 6 months beginning on the date of enactment of this Act.

(c) AUTOMATIC ENROLLMENT OF CERTAIN PERSONS.—The Director of the Office of Personnel Management shall enroll any person who—

(1) is enrolled in a health benefits plan administered pursuant to the Retired Federal Employees Health Benefits Act on the date of enactment of this Act; and

(2) does not enroll in a health benefits plan pursuant to the provisions of subsection (b).

in the indemnity benefits plan described under section 8904(2) of title 5, United States Code.

(d) DEPOSITS IN THE EMPLOYEES HEALTH BENEFITS FUND.—Any money remaining in the Retired Employees Health Benefits Fund established pursuant to section 8 of the Retired Federal Employees Health Benefits Act, after paying all obligations of such Fund, shall be deposited in the Employees Health Benefits Fund established pursuant to section 8909 of title 5, United States Code.

(e) ADMINISTRATION BY THE DIRECTOR OF THE OFFICE OF PERSONNEL MANAGEMENT.—(1) The Director of the Office of Personnel Management shall administer the provisions of this section to provide that—

(A) each person affected by this section shall receive continuous coverage under a health benefits plan;

(B) each person who was entitled to a benefit under a health benefits plan administered pursuant to the Retired Federal Employees Health Benefits Act shall be entitled at a minimum to the same benefit, if such person is enrolled in the indemnity benefit plan described under section 8904(2) of title 5, United States Code; and

(C) the administration of all the provisions of this section are completed within 12 months after the date of enactment of this Act.

(2) The Director of the Office of Personnel Management may enter into such agreements with health benefits carriers under chapter 89 of title 5, United States Code, as are necessary to carry out the provisions of this section.

## SEC. 1302. RE-ENROLLMENT BY CERTAIN ANNUITANTS IN HEALTH BENEFITS PLAN.

(a) IN GENERAL.—Any annuitant, as defined under section 8901(3) of title 5, United States Code, who on the effective date of retirement of such annuitant was eligible to continue enrollment in a health benefits plan under section 8905(b) of such title, and who, on the date of enactment of this Act, is not enrolled in a health benefits plan administered pursuant to chapter 89 of such title may enroll in any such plan during the period of open enrollment provided pursuant to subsection (b)(2).

(2) The provisions of paragraph (1) shall apply to any annuitant whose effective date of retirement occurred before the date of enactment of this Act.

(b) NOTIFICATION AND OPEN ENROLLMENT PERIOD.—The Director of the Office of Personnel Management shall—

(1) notify all persons eligible to re-enroll pursuant to the provisions of this section, of such eligibility; and

(2) provide for a period of open enrollment for such persons for a period of 6 months beginning on the date of enactment of this Act.

(c) RE-ENROLLMENT FEE.—(1) Any annuitant who re-enrolls in a health benefits plan pursuant to the provisions of subsection (a)(1) shall pay a re-enrollment fee as determined by the Director of the Office of Personnel Management pursuant to paragraph (2).

(2) The Director of the Office of Personnel Management shall determine for each annuitant who re-enrolls in a health benefits plan pursuant to the provisions of subsection (a)(1)—

(A) the class of individuals who would be affected by an increase in premium payments to provide for coverage to such annuitant through re-enrollment; and

(B) a re-enrollment fee to be paid by such annuitant at the time of re-enrollment to offset such anticipated increase determined under subparagraph (A).

(3) The Director of the Office of Personnel Management shall deposit all re-enrollment fees paid pursuant to paragraph (2)(B) in the Employees Health Benefits Fund established under section 8909 of title 5, United States Code.

(d) ADMINISTRATION.—The Director of the Office of Personnel Management may enter into such agreements with health benefits carriers under chapter 89 of title 5, United States Code, as are necessary to carry out the provisions of this section.

## SEC. 1303. DEFERRED ANNUITANTS ENROLLMENT FOR SELF ONLY COVERAGE FROM SELF AND FAMILY COVERAGE IN CERTAIN CASES.

Section 8905 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(g) Notwithstanding any other provision of this chapter, a person who is entitled to a deferred annuity under chapter 83 or 84 of this title or any other retirement system for Federal Government employees, and is covered under this chapter by a self and family enrollment of another employee or annuitant, may enroll for self only in a health benefits plan under this chapter, if such other employee or annuitant changes such coverage to self only. The annuitant entitled to a deferred annuity may not enroll for self and family coverage."

## SEC. 1304. INFORMATION FOR EMPLOYEES AND ANNUITANTS TO MAKE CHOICES.

Section 8907(b) of title 5, United States Code, is amended—

(1) in paragraph (2) by striking out "and" at the end thereof;

(2) in paragraph (3) by striking out the period at the end thereof and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following new paragraph:

"(4) other information that employees and annuitants need in order to make an informed enrollment choice including claim processing time of plans offered under section 8903 (1), (2), and (3), and any other information that the Director of the Office of Personnel Management determines may help to better inform employees and annuitants for the purpose of making such choice."

## SEC. 1305. REQUIREMENT OF CARRIERS TO SUPPLY CERTAIN INFORMATION.

Section 8910(b) of title 5, United States Code, is amended—

(1) in paragraph (1) by striking out the semicolon and "and" at the end thereof and inserting in lieu thereof ", including the time required to process claims and issue claim payments;";

(2) in paragraph (2) by striking out the period and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following new paragraph:

"(3) the justification for the manner that the carriers determine medical charge levels to be usual, customary, or reasonable."

## SEC. 1306. STUDY AND REPORT BY THE DIRECTOR OF THE OFFICE OF PERSONNEL MANAGEMENT.

Within 180 days after the date of enactment of this Act, the Director of the Office of Personnel Management shall conduct a study and report to Congress on the feasibility of providing an enrollment category for an individual and the spouse of such individual only (to be designated as "self and spouse only") for the health benefits plans administered pursuant to chapter 89 of title 5, United States Code.

## SEC. 1307. SEQUENTIAL PAYMENTS OF HEALTH BENEFITS FOR ANNUITANTS.

(a) SEQUENTIAL PAYMENTS.—Chapter 89 of title 5, United States Code, is amended by inserting after section 8909 the following new section:

"§ 8909a. Sequential payments of health benefits for annuitants

"If an annuitant is covered by a health benefits plan offered by a carrier under this chapter and by any other health benefits plan provided in an insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar arrangement, any claim for the payment of health benefits submitted to that carrier by or on behalf of that annuitant shall be paid as follows:

"(1) The carrier shall—

"(A) make any payment required under the plan offered by that carrier; and

"(B) if any portion of the claim is not paid by that carrier, forward the claim to the administrator of the other health benefits plan together with a statement of the amount paid by the carrier and a detailed description of the item covered by the payment.

"(2) The administrator of the other health benefits plan shall—

"(A) pay any portion of the unpaid amount of the claim required under the plan; and

"(B) notify the annuitant of the amount of the claim paid by that plan, a detailed description of the items covered by the payment, and any unpaid amount of the claim for which the annuitant is required to arrange payment or other settlement."

(d) **TECHNICAL AMENDMENT.**—The table of sections for chapter 89 of title 5, United States Code, is amended by inserting after the item relating to section 8909 the following:

"8909a. Sequential payments of health benefits for annuitants."

**SEC. 1304. SURVIVOR ANNUITY BENEFITS.**

(a) **REDUCTION OF ANNUITY FOR SURVIVOR BENEFITS NOT RETROACTIVE.**—(1) Chapter 83 of title 5, United States Code, is amended—

(A) in subparagraph (C) of paragraph (5) of section 8339(j) by—

(i) striking out the comma and all that follows after "9 months after the date of the remarriage" in the first sentence of clause (ii) and inserting in lieu thereof a period;

(ii) striking out the second sentence of clause (ii);

(iii) striking out clause (iii); and

(iv) redesignating clause (iv) as clause (iii); and

(B) in paragraph (2) of section 8339(k) by—

(i) striking out "(i)" in subparagraph (B);

(ii) striking out clause (ii) of subparagraph (B); and

(iii) striking out subparagraph (C).

(2) Chapter 84 of title 5, United States Code, is amended by—

(A) striking out section 8418; and

(B) striking out the item relating to section 8418 in the table of sections at the beginning of such chapter.

(b) **STUDY AND REPORT BY THE COMPTROLLER GENERAL.**—Within 180 days after the date of enactment of this Act, the Comptroller General shall conduct a study and submit a report to Congress, including recommendations, on ways to maintain the long-term value of survivor annuities administered pursuant to subchapter III of chapter 83 of title 5, United States Code.